

State of South Dakota

EIGHTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2011

400S0616

SENATE BILL NO. 200

Introduced by: The Committee on Education at the request of the Office of the Governor

1 FOR AN ACT ENTITLED, An Act to revise certain provisions related to school district fund
2 balances.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-13-10.1 be amended to read as follows:

5 13-13-10.1. Terms used in this chapter mean:

6 (1) "Average daily membership," the average number of resident and nonresident
7 kindergarten through twelfth grade pupils enrolled in all schools operated by the
8 school district during the previous regular school year, minus average number of
9 pupils for whom the district receives tuition, except pupils described in subdivision
10 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the
11 average number of pupils for whom the district pays tuition;

12 (1A) Nonresident students who are in the care and custody of the Department of Social
13 Services, the Unified Judicial System, the Department of Corrections, or other state
14 agencies and are attending a public school may be included in the average daily
15 membership of the receiving district when enrolled in the receiving district. When



1 counting a student who meets these criteria in its general enrollment average daily
2 membership, the receiving district may begin the enrollment on the first day of
3 attendance. The district of residence prior to the custodial transfer may not include
4 students who meet these criteria in its general enrollment average daily membership
5 after the student ceases to attend school in the resident district;

6 (2) "Adjusted average daily membership," calculated as follows:

7 (a) For districts with an average daily membership of two hundred or less,
8 multiply 1.2 times the average daily membership;

9 (b) For districts with an average daily membership of less than six hundred, but
10 greater than two hundred, raise the average daily membership to the 0.8293
11 power and multiply the result times 2.98;

12 (c) For districts with an average daily membership of six hundred or more,
13 multiply 1.0 times their average daily membership;

14 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled
15 in all schools operated by the school district on the last Friday of September of the
16 current school year minus the number of students for whom the district receives
17 tuition, except nonresident students who are in the care and custody of a state agency
18 and are attending a public school and students for whom tuition is being paid
19 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
20 tuition. When computing state aid to education for a school district under the
21 foundation program pursuant to § 13-13-73, the secretary of the Department of
22 Education shall use either the school district's fall enrollment or the average of the
23 school district's fall enrollment from the previous two years, whichever is higher;

24 (2B) Repealed by SL 2010, ch 84, § 1.

1 (2C) "Small school adjustment," calculated as follows:

2 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
3 \$4,237.72;

4 (b) For districts with a fall enrollment of greater than two hundred, but less than
5 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
6 result; and multiply the sum obtained times \$4,237.72;

7 The determination of the small school adjustment for a school district may not
8 include any students residing in a residential treatment facility when the education
9 program is operated by the school district;

10 (3) "Index factor," is the annual percentage change in the consumer price index for urban
11 wage earners and clerical workers as computed by the Bureau of Labor Statistics of
12 the United States Department of Labor for the year before the year immediately
13 preceding the year of adjustment or three percent, whichever is less;

14 (4) "Per student allocation," for school fiscal year 2011 is \$4,804.60. Each school fiscal
15 year thereafter, the per student allocation is the previous fiscal year's per student
16 allocation increased by the index factor;

17 (5) "Local need," is the sum of:

18 (a) The per student allocation multiplied by the fall enrollment; and

19 (b) The small school adjustment, if applicable, multiplied by the fall enrollment;

20 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
21 applying the levies established pursuant to § 10-12-42;

22 ~~(7) "General fund balance," the unreserved fund balance of the general fund, less general~~
23 ~~fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers~~
24 ~~out of the general fund for the previous school fiscal year;~~

1 ~~— (8) —~~ "General fund balance percentage," is a school district's general fund balance divided
 2 by the school district's total general fund expenditures for the previous school fiscal
 3 year, the quotient expressed as a percent;

4 ~~— (9) —~~ "General fund base percentage," is the lesser of:

5 ~~— (a) —~~ The general fund balance percentage as of June 30, 2011; or

6 ~~— (b) —~~ The maximum allowable percentage for that particular fiscal year as stated in
 7 this subsection.

8 ~~—~~ For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
 9 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal years
 10 2011 to 2014, inclusive, forty percent for each fiscal year; for fiscal year 2015 and
 11 subsequent fiscal years, twenty-five percent. However, the general fund base
 12 percentage may always be at least twenty-five percent;

13 ~~— (10) —~~ "Allowable general fund balance," the general fund base percentage multiplied by the
 14 district's general fund expenditures in the previous school fiscal year;

15 ~~— (11) —~~ "General fund exclusions," revenue a school district has received from the imposition
 16 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
 17 from gifts, contributions, grants, or donations; revenue a school district has received
 18 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; revenue a school district
 19 has received as compensation for being a sparse school district under the terms of
 20 §§ 13-13-78 and 13-13-79; any revenue a school district has received under the
 21 provisions of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5);
 22 and any revenue in the general fund set aside for a noninsurable judgment.

23 Section 2. That § 13-13-10.3 be repealed.

24 ~~— 13-13-10.3. If two or more school districts consolidate, the general fund base percentage for~~

1 ~~the newly reorganized district shall be based upon the highest general fund balance percentage~~
2 ~~as defined in subdivision 13-13-10.1(8) of the consolidating districts.~~

3 Section 3. That § 13-13-73.2 be repealed.

4 ~~— 13-13-73.2. A school district's state aid for general education as calculated pursuant to § 13-~~
5 ~~13-73 shall be reduced by the amount calculated by subtracting the allowable general fund~~
6 ~~balance from the general fund balance. If the result is less than zero, the result equals zero.~~

7 Section 4. That § 13-13-73.3 be repealed.

8 ~~— 13-13-73.3. The secretary of education shall determine the reduction in state aid to education~~
9 ~~pursuant to § 13-13-73.2. The secretary of education shall distribute the amount of money so~~
10 ~~determined to school districts that received state aid pursuant to chapter 13-13 on a pro rata~~
11 ~~basis according to the district's fall enrollment compared to the total fall enrollment of all~~
12 ~~districts eligible for this distribution.~~

13 Section 5. That § 13-13-73.4 be repealed.

14 ~~— 13-13-73.4. The secretary of the Department of Education shall promulgate rules, pursuant~~
15 ~~to chapter 1-26, that calculate exclusions for revenue received from opting out of the property~~
16 ~~tax limitations such that all expenditures shall be credited to formula revenue and unreserved~~
17 ~~general fund balance from the preceding fiscal year prior to any credits against opt-out revenue.~~

18 Section 6. That § 13-13-76 be repealed.

19 ~~— 13-13-76. There is hereby created the Excess General Fund Oversight Board within the~~
20 ~~Department of Education. The board shall consist of five members, appointed by the Governor.~~
21 ~~The Excess General Fund Oversight Board may exempt a school district from the provisions of~~
22 ~~§ 13-13-73.2 if a school district can demonstrate to the Excess General Fund Oversight Board~~
23 ~~that its general fund balance percentage is the result of special circumstances.~~

24 Section 7. That § 13-13-77 be repealed.

1 ~~13-13-77. Any funds transferred by a school district to the general fund of the school district~~
2 ~~pursuant to § 9-21-28 may not be considered a part of the general fund balance for purposes of~~
3 ~~this chapter.~~

4 Section 8. That § 13-13-78 be amended to read as follows:

5 13-13-78. Terms used in § 13-13-79 mean:

6 (1) "Sparse school district," a school district that meets each of the following criteria:

7 (a) Has a fall enrollment per square mile of 0.50 or less;

8 (b) Has a fall enrollment of five hundred or less;

9 (c) Has an area of four hundred square miles or more;

10 (d) Has at least fifteen miles between its secondary attendance center or centers
11 and that of an adjoining district;

12 (e) Operates a secondary attendance center; and

13 (f) Levies ad valorem taxes at the maximum rates allowed pursuant to § 10-12-42
14 or more; and

15 ~~(g) Has a general fund balance percentage of thirty percent or less excluding~~
16 ~~revenue received from opting out of property tax limitations pursuant to~~
17 ~~chapter 10-12;~~

18 (2) "Sparsity fall enrollment," for sparse school districts with a fall enrollment as defined
19 in § 13-13-10.1 of less than eighty-three or greater than two hundred thirty-two, is
20 calculated as follows:

21 (a) Divide the fall enrollment as defined in § 13-13-10.1 by the area of the school
22 district in square miles;

23 (b) Multiply the quotient obtained in subsection (a) times negative 0.125;

24 (c) Add 0.0625 to the product obtained in subsection (b); and

- 1 (d) Multiply the sum obtained in subsection (c) times the fall enrollment;
- 2 (3) "Sparsity adjusted fall enrollment," for sparse school districts with a fall enrollment
- 3 as defined in § 13-13-10.1 of at least eighty-three, but no more than two hundred
- 4 thirty-two, subtract the fall enrollment from two hundred thirty-two.